



House of Representatives

General Assembly

File No. 407

January Session, 2011

House Bill No. 6383

House of Representatives, April 6, 2011

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CREATING AN ECONOMIC DEVELOPMENT GRANTS PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2011*) (a) The Commissioner of
2 Economic and Community Development shall establish an economic
3 development grants program to provide grants for the following
4 programs and purposes:

5 (1) To develop a small business incubator program to entities
6 operating incubator facilities, as defined in section 32-34 of the general
7 statutes;

8 (2) To promote, retain and expand hydrogen and fuel cell industries
9 in Connecticut;

10 (3) To promote supply chain integration and encourage the
11 adoption of digital manufacturing and information technologies;

12 (4) To provide training for small and medium-sized businesses in

13 high-performance work practices;

14 (5) To support the development of marine science, maritime and
15 homeland security defense industries;

16 (6) To promote research innovation and nanotechnology; and

17 (7) To provide technical assistance to small business owners.

18 (b) The Department of Economic and Community Development
19 may enter into an agreement, pursuant to chapter 55a of the general
20 statutes, with a person, firm, corporation or other entity to operate the
21 grants program developed pursuant to subsection (a) of this section.

22 (c) The commissioner shall prescribe the manner in which an entity
23 shall submit an application for a grant awarded as part of the grants
24 program developed pursuant to this section, provided such
25 application procedure includes (1) a request for proposal, or (2) a
26 competitive award process.

27 Sec. 2. Subsection (b) of section 32-235 of the general statutes is
28 repealed and the following is substituted in lieu thereof (*Effective July*
29 *1, 2011*):

30 (b) The proceeds of the sale of said bonds, to the extent of the
31 amount stated in subsection (a) of this section, shall be used by the
32 Department of Economic and Community Development (1) for the
33 purposes of sections 32-220 to 32-234, inclusive, including economic
34 cluster-related programs and activities, and for the Connecticut job
35 training finance demonstration program pursuant to sections 32-23uu
36 and 32-23vv provided, (A) three million dollars shall be used by said
37 department solely for the purposes of section 32-23uu and not more
38 than five million two hundred fifty thousand dollars of the amount
39 stated in said subsection (a) may be used by said department for the
40 purposes of section 31-3u, (B) not less than one million dollars shall be
41 used for an educational technology grant to the deployment center
42 program and the nonprofit business consortium deployment center
43 approved pursuant to section 32-41l, (C) not less than two million

44 dollars shall be used by said department for the establishment of a
45 pilot program to make grants to businesses in designated areas of the
46 state for construction, renovation or improvement of small
47 manufacturing facilities provided such grants are matched by the
48 business, a municipality or another financing entity. The
49 Commissioner of Economic and Community Development shall
50 designate areas of the state where manufacturing is a substantial part
51 of the local economy and shall make grants under such pilot program
52 which are likely to produce a significant economic development
53 benefit for the designated area, (D) five million dollars may be used by
54 said department for the manufacturing competitiveness grants
55 program, (E) one million dollars shall be used by said department for
56 the purpose of a grant to the Connecticut Center for Advanced
57 Technology, for the purposes of [section 32-237] subdivision (5) of
58 subsection (a) of section 1 of this act, (F) fifty million dollars shall be
59 used by said department for the purpose of grants to the United States
60 Department of the Navy, the United States Department of Defense or
61 eligible applicants for projects related to the enhancement of
62 infrastructure for long-term, on-going naval operations at the United
63 States Naval Submarine Base-New London, located in Groton, which
64 will increase the military value of said base. Such projects shall not be
65 subject to the provisions of sections 4a-60 and 4a-60a, (G) two million
66 dollars shall be used by said department for the purpose of a grant to
67 the Connecticut Center for Advanced Technology, Inc., for
68 manufacturing initiatives, including aerospace and defense, and (H)
69 two million dollars shall be used by said department for the purpose of
70 a grant to companies adversely impacted by the construction at the
71 Quinnipiac Bridge, where such grant may be used to offset the increase
72 in costs of commercial overland transportation of goods or materials
73 brought to the port of New Haven by ship or vessel, and (2) for the
74 purposes of the small business assistance program established
75 pursuant to section 32-9yy, provided fifteen million dollars shall be
76 deposited in the small business assistance account established
77 pursuant to said section 32-9yy. The provisions of sections 32-220 to
78 32-234, inclusive, shall not apply to such funds authorized pursuant to

79 this subdivision.

80 Sec. 3. Section 32-356 of the general statutes is repealed and the
81 following is substituted in lieu thereof (*Effective July 1, 2011*):

82 [(a) For purposes of this section, "incubator facilities" shall have the
83 same meaning as incubator facilities in section 32-34.

84 (b) The Commissioner of Economic and Community Development
85 shall establish the small business incubator program to provide grants
86 to entities operating incubator facilities, as defined in section 32-34.
87 The Department of Economic and Community Development may
88 enter into an agreement, pursuant to chapter 55a, with a person, firm,
89 corporation or other entity to operate such program. The department,
90 or a program operator selected pursuant to this subsection, shall,
91 subject to the availability of funds, operate a technology-based small
92 business incubator program. In accordance with the written guidelines
93 developed by the department, the department or program operator, if
94 any, may provide grants to assist small businesses operating within
95 incubator facilities. Grants made pursuant to this section shall be used
96 by such entities to provide operating funds and related services,
97 including business plan preparation, assistance in acquiring financing
98 and management counseling.

99 (c) An entity shall submit an application for a grant pursuant to this
100 section in the manner prescribed by the Commissioner of Economic
101 and Community Development.]

102 [(d)] There is established an account to be known as the small
103 business incubator account, which shall be a separate, nonlapsing
104 account within the General Fund. The commissioner may use funds
105 from the account to provide administrative expenses and grants
106 [pursuant to this section] for the purposes of subdivision (1) of
107 subsection (a) of section 1 of this act.

108 [(e) (1) There is established a Small Business Incubator Advisory
109 Board. Said board shall consist of: (A) The Commissioner of Economic

110 and Community Development; (B) the president of the Connecticut
 111 Development Authority and the executive director of Connecticut
 112 Innovations, Incorporated, as ex-officio nonvoting members, or their
 113 designees; (C) one member to be appointed by the Governor; (D) two
 114 members with experience in the field of technology transfer and
 115 commercialization, to be appointed by the speaker of the House of
 116 Representatives; (E) two members with experience in new product and
 117 market development, to be appointed by the president pro tempore of
 118 the Senate; (F) one member to be appointed by the majority leader of
 119 the Senate; (G) one member to be appointed by the majority leader of
 120 the House of Representatives; (H) one member with experience in seed
 121 and early stage capital investment, to be appointed by the minority
 122 leader of the House of Representatives; and (I) one member with
 123 experience in seed and early stage capital investment, to be appointed
 124 by the minority leader of the Senate. All initial appointments to said
 125 board shall be made not later than September 1, 2007.

126 (2) The Commissioner of Economic and Community Development
 127 shall schedule the first meeting of said board not later than October 15,
 128 2007. Thereafter, the board shall meet at least once annually to evaluate
 129 and recommend changes to the guidelines adopted pursuant to this
 130 section.]

131 Sec. 4. Sections 32-9ww, 32-237 and 32-348 of the general statutes are
 132 repealed. (*Effective July 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	New section
Sec. 2	<i>July 1, 2011</i>	32-235(b)
Sec. 3	<i>July 1, 2011</i>	32-356
Sec. 4	<i>July 1, 2011</i>	Repealer section

CE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill results in no net fiscal impact to the state by establishing an economic development grants program.

While the bill establishes an economic development grants program, it also eliminates certain similar programs. These programs include the small business incubator program, the fuel cell economic development plan, the Connecticut Center for Advanced Technology (CCAT) supply integration center, the nanotechnology program, and the grant award for the Connecticut State Technology Extension Program (CONNSTEP)¹. It is anticipated that the funding currently received by these programs will be transferred to the new economic development grants program.

Section 2 transfers \$1 million in bonding proceeds from supporting the CCAT supply integration center to support the economic development grant account. There is no fiscal impact as this is a straight transfer of funding.

The Out Years

State Impact: None

¹ CONNSTEP operates as a fee-for-service 501(c)(3) non-profit and is one of 59 affiliate organizations connected to the national network of Manufacturing Extension Partnership (MEP) organizations. The Connecticut Department of Economic and Community Development supports CONNSTEP through grant awards.

Municipal Impact: None

OLR Bill Analysis**HB 6383*****AN ACT CREATING AN ECONOMIC DEVELOPMENT GRANTS PROGRAM.*****SUMMARY:**

This bill requires the Department of Economic and Community Development (DECD) commissioner to establish a single grant program for funding specified existing and new high technology, business development, and technology diffusion programs and specifies how she must do so. It repeals separate laws authorizing the existing programs as well as an obsolete law.

EFFECTIVE DATE: July 1, 2011

ELIGIBLE ACTIVITIES***New Activities***

The bill requires the commissioner to fund new programs:

1. promoting, retaining, and expanding the state's hydrogen and fuel cell industries;
2. promoting research innovation and nanotechnology;
3. providing technical assistance to small business owners;
4. training small businesses in high performance work practices;
and
5. developing marine science, maritime, and homeland security defense industries.

The bill funds the latter by redirecting a \$1 million Manufacturing Assistance Act bond authorization for the Connecticut Center for

Advanced Technologies (CCAT) to develop a supply chain integration center.

Existing Activities

The bill also requires the commissioner to fund several already authorized programs under the new consolidated grant program and makes conforming technical changes. These programs are:

1. promoting supply chain integration and encouraging businesses to adopt digital manufacturing and information technologies, which CCAT performs under current law, and
2. developing incubators for small technology-based businesses.

The bill repeals the current (1) small business incubator program and its advisory board, but retains the General Fund account for funding incubator facilities and (2) CCAT's supply chain integration and digital manufacturing and information technologies program.

It also eliminates the manufacturing extension service program, which helps small manufacturers adopt cost-cutting technologies and techniques.

GRANT ADMINISTRATION

The bill requires (1) the commissioner to specify how entities may apply for grants under the program and (2) the application process to include a request for proposals or a competitive award process. (The bill appears to limit the grants for developing marine, maritime science, and homeland security defense industries to CCAT.)

The bill allows the commissioner to administer the programs directly or under a personal services agreement with a person, firm, corporation, or other entity.

BACKGROUND**Related Bill**

The bill repeals provisions of the statute establishing the small

business incubator program. SB 1066 expands the program by allowing DECD to provide incubator grants to the businesses operating in the facilities as well as the entities that manage them.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 0 (03/22/2011)